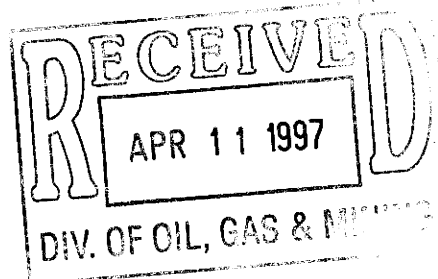


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FILE



## North Lily Mining Company



April 8, 1997

State of Utah  
Attn: Compliance and Monitoring Program  
Division of Water Quality  
288 North 1460 West  
P.O. Box 144870  
Salt Lake City, Utah 84114-4780

RE: First Quarter Monitoring Report 1997

Dear Compliance and Monitoring Personnel:

In compliance with Part II of the Ground Water Discharge Permit No. 23000 issued to North Lily Mining Company in May 1991 and extended in August 1996, please find enclosed:

1. Well water analysis for first quarter of 1997
2. Spillway sample for the first quarter 1997

Due to the reclamation work completed during the fourth quarter 1996, ie the contouring and grading of the heap lead pad the spill ways were filled and a modified drainage system was installed thus altering the need for monitoring the sumps. During the first quarter of 1997 the sumps were not monitored. If solution were to become trapped in the sumps, the chemical composition of the solution would be similar to that of the spillway sample.

A well water sample was delivered to Chemtec, a Utah certified laboratory, on March 11, 1997 for analysis with a request that the water be analyzed per the specification required by the Division of Water Quality.

A spillway sample was taken at the same time and delivered to Chemtec to monitor the reduction of metals and cyanide in the solution coming off the heap leach pads. This has been done to enable North Lily to better meet and comply with state and federal water quality standards. The following table outlines the progress to date on some of the metals and cyanide (all analysis are reported in mg/l):